

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
DECEMBER 16, 2015**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Stephen Dopudja at 7:00 PM, in the Board Room at the District Administrative Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, recorded and transcribed the minutes thereof.

DIRECTORS PRESENT

President Stephen Dopudja
Vice President Glenn Acosta
Director James Haselton
Director Edward Mandich
Director Michael Safranski

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor
Lisa Carmouche, Administrative Assistant
Dona Kasaboski, Lead Customer Service Representative

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum
Raftelis Financial Consultants – Mr. Steve Gagnon

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

Vice President Acosta led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION

President Dopudja received a speaker card from Mr. Ray Chandos, District customer.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Director Haselton had no comments.

Vice President Acosta had no comments.

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Director Safranski commented on a recent Orange County Register article which highlighted Mesa Water District commercial account irrigation restrictions, and referenced the difficulties with compliance with the State Water Board's emergency drought mandatory Conservation Standards.

Director Mandich commented on his attendance at the City of Rancho Santa Margarita Council Meeting, and commended President Dopudja on his presentation regarding the District's public outreach efforts concerning its cost of services and upcoming Public Hearing on its proposed rate increases to the Council. Director Mandich added that the Council selected Mr. Tony Beall for Mayor and Mr. Carole Gamble as Mayor Pro Tem for calendar year 2016. Director Mandich commented on his attendance at the South Orange County Watershed Management Area Executive Committee Meeting, and highlighted the State Water Resources Control Board's (SWRCB) jurisdiction updates for the Santa Ana and San Diego watershed areas.

President Dopudja commented on his presentation to the City of Rancho Santa Margarita City Council. President Dopudja commented on his attendance at the Association of California Water Agencies (ACWA) Conference, and mentioned that the key discussed matters included a proposed State Constitutional Amendment concerning storm water and water rates, and a review and re-opening of Proposition 218.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

- Mr. Ruiz reported that the District received the ACWA Joint Powers Insurance Authority (JPIA) President's Recognition Award for low ratio of Workers' Compensation paid claims and case reserves.

ITEMS TOO LATE TO BE AGENDIZED

Mr. Ruiz commented that there were no items too late to be agendized.

CONSENT CALENDAR

President Dopudja indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member requested a separate action on a specific item. President Dopudja asked to remove Item No. 4 from the Consent Calendar.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to approve the Consent Calendar, Items 1 through 3.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

**ITEM 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/
ATTENDANCE ITEMS**

President Dopudja requested to adjust his schedule to remove his attendance at the South Orange County Wastewater Authority (SOCWA) Board Meeting on November 5, 2015.

Action: A motion was made by Vice President Acosta and seconded by President Dopudja to approve the Directors' Fees and Expenses Report as amended.
The motion carried 5 – 0.

ITEM 5: PUBLIC HEARING & ACTION(S) FOR REVISING TCWD'S RATES FOR WATER SERVICES, WASTEWATER SERVICES & RECYCLED WATER SERVICES AND METER FLAT RATES

Mr. Ruiz presented this matter for Board review, and welcomed the members of the public in the audience for their attendance. Mr. Ruiz reviewed the Timeline of Events for the Analysis of District Water, Wastewater and Recycled Water Rates and Meter Flat Charges (exhibit) to provide historical background for the rate analysis completed by Raftelis Financial Consultants, Inc. (RFC) and the series of Special Board Meeting/Rates Workshops and instances of discussions concerning the rate analysis at Regular Board Meetings and standing Committee Meetings. Mr. Ruiz added that members of the public in attendance were welcome to review a hardcopy of the Rate Study Report (Report) during the presentation, as well as, access a copy of the Report for download on the District's website. Mr. Ruiz provided a brief overview of the impacts of the Capistrano Tax Payers Association v. City of San Juan Capistrano case (SJC Case) ruling on the importance of the nexus between water rates and cost of service.

Mr. Ruiz delivered a powerpoint presentation to review the purpose of and the methodology determination of the Rate Analysis, as well as how the District has controlled costs in order to keep its rates low. Mr. Ruiz highlighted that the proposed rates are compliant with California Water Code, Articles X and XIID of the State Constitution, legal precedents concerning water rates and charges, including the SJC Case, and Proposition 218. Mr. Ruiz added that in recent years, the District has used reserves to fund equipment replacement, maintenance costs and absorb increasing operating costs, while reducing staffing to the lowest level in District history, outsourcing services when applicable and sensible, reducing operating costs through new technology. Discussion occurred concerning the District's revenue based on Community Facilities Districts; Mr. Ruiz mentioned that the District has paid off debt, stopped levying taxes, and defeased the CFDs in its service area. Mr. Ruiz highlighted the significant impacts of natural disaster events on the District's facilities and infrastructure, including the 2007 wildfires, the 2010 floods and mudslides, and most recently, the drought. Mr. Ruiz highlighted the Ten-Year Capital Improvement Program (CIP) that has been built into the Financial Plan for the development of the new water, wastewater, and recycled water rates and meter flat rates, and mentioned that District staff has critically reviewed the CIP to reduce projected costs by approximately \$6 million over the course of the next ten years.

Mr. Ruiz introduced Mr. Steve Gagnon (RFC) to the Board and the members of the public, and mentioned that he would deliver a presentation on the development of the Report and a review of the cost of services analysis. Mr. Gagnon reviewed the methodology determination for the rate analysis and the proposed water, wastewater, and recycled water rates and meter flat rates.

Rate Setting Environment

Mr. Gagnon reviewed the key California legislation which affects water rates, which included cost of service requirements based on Proposition 218 and California Government Code 54999; the Pass-through Provision of Assembly Bill (AB) 3030, Section 53756 to the Government Code which authorizes automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation; and water conservation impacts including Article X of the State Constitution, Senate Bill (SB) X7-7 which calls for a twenty percent reduction by 2020, and Governor Brown's Executive Order B-29-15 which calls for a twenty-five percent reduction in water demand Statewide. Mr. Gagnon reviewed the requirements of Proposition 218 which Agencies must develop a nexus between their tiered rates and their costs to serve those tiers and document the methodology used in a report.

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Rates 101

Mr. Gagnon mentioned that the American Water Works Association (AWWA) M1 Manual, Sixth Edition, was used as the standard basis for setting the proposed rates based on a three step process, including (1) Financial Planning to assess annual revenue requirements, (2) Cost of Service analysis which allocates the revenue requirements to each customer class and tier, and (3) Rate Design to collect the cost to serve each customer class. Mr. Gagnon provided an overview of the multi-year Financial Plan which was developed for the rate analysis and included considerations for revenue (both operating and non-operating), expenses (including operations and maintenance, CIP, and Debt Reserve Funding), and District Financial Policies for determining reserve levels and coverage ratios. Mr. Gagnon reviewed the cost of service methodology and the functionalization of revenue requirements for the allocation of cost components and determination of cost of service distribution by customer class. Mr. Gagnon mentioned that this process is designed to recover costs from customer classes in proportion to the demands that they place on the system and recognizing the impact of each customer class on the costs to run system facilities.

Pricing Objectives

Mr. Gagnon reviewed the pricing objectives determined at the August 3, 2015 Special Board Meeting/Rates Workshop with the Board, and mentioned that the Board expressed a desire to implement a rate design that emphasized revenue stability, but was affordable to the District's customers as well. Mr. Gagnon mentioned that certain pricing objectives are in competition with one another, but that RFC designed a rate structure which collects a high proportion of fixed revenue, but has a first tier that is priced affordably for essential use to counteract the high fixed charge. Mr. Gagnon highlighted the impacts of recent drought-related legislation and case law decisions which affect the development of water rates.

Financial Plan Development

Mr. Gagnon identified the factors that affected the proposed revenue adjustments, which included low wastewater and recycled water reserves compared to industry practice, and District staff development of an essential CIP. Mr. Gagnon provided a brief history of the impacts of the District's rates, which included no water rate increases since 2013, although the District experienced lower water sales and higher wholesale imported water costs; no wastewater rate increases since the early-1990s; and no recycled water rate increases since 2009. Mr. Gagnon mentioned that the water, wastewater, and recycled water rates and meter flat rates have not been raised in over eighteen years. Mr. Gagnon reviewed the current and proposed reserve target balances with the Board.

***Financial Plan and Rates
Water Rates***

Mr. Gagnon reviewed the proposed Fiscal Year Ending (FYE) 2016 Meter Flat Rates, and highlighted how the rate components impact the proposed rates, including:

- Billing and Customer Service: Costs associated with meter reading, billing, and customer service, which are uniform for all meter sizes;
- Meter Service: Costs associated with meter maintenance costs which increase in proportion to meter replacement cost;
- Peaking Related Costs: Costs associated with meeting peak water demands which increases with AWWA hydraulic capacity ratios by meter size.

Discussion occurred concerning the typical residential meter size and potential impact to customer utility bills.

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Mr. Gagnon presented the proposed Water Usage Rates for Board review, and highlighted the components of the rates, which included:

- Variable Water Supply: Variable water purchase costs, which for the District represents untreated and treated water purchases;
- Delivery: Costs associated with water system delivery to meet average daily demand;
- Peaking: Peaking costs that are collected through the water usage rate;
- Conservation: Costs associated with the District's Water Conservation Program;
- Revenue Offset: Property tax and miscellaneous operating revenues used to offset costs to provide affordability to District customers.

Mr. Gagnon reviewed the derivation of water usage rates, and highlighted how the rate components impact the proposed rates, specifically the costs associated with blended water (untreated + treated) usage as opposed to fully treated water usage. Mr. Gagnon reviewed the definition and methodology for the determination of the proposed peaking factors. Mr. Gagnon reviewed the proposed FYE 2016 Elevation Surcharges for the specific existing pumping zones within the District's service area, and mentioned that the proposed charges are designed to recover incremental electricity, repairs and maintenance costs for pumping water to elevated pressure zones. Mr. Gagnon presented and reviewed the methodology for the determination of the proposed Temporary Revenue Stabilization Charge (TRSC), which included a demonstration of the impact of the drought and the State Water Board's mandated Emergency Regulations on District revenues and expenses.

Recycled Water Rates

Mr. Gagnon reviewed the derivation of recycled water rates, and highlighted how the rate components impact the proposed rates, specifically the costs associated with advanced wastewater treatment and the collection and reuse of urban runoff, delivery costs, and peaking costs. Mr. Gagnon reviewed the proposed FYE 2016 recycled water usage rates with the Board.

Wastewater Rates

Mr. Gagnon reviewed the methodology for determining the proposed wastewater rate, which included (1) the flow and strength of wastewater, (2) the functionalization of operations and maintenance and capital costs into functions, and (3) the allocation of functionalized revenue requirements into cost components that included wastewater treatment and pumping of sewage throughout the District. Mr. Gagnon reviewed the COS analysis results, and highlighted the proposed wastewater rates based on the COS analysis and the related customer impacts.

***Proposed 5-Year Rates & Customer Impact Analysis
Water Rates***

Mr. Gagnon reviewed the proposed 5-year water meter flat rate adjustments by meter size. Discussion occurred concerning the overall impact to single family residential customers, and their typical meter size; Mr. Gagnon mentioned that District customers typically have a 5/8" to 3/4" meters, and as such, the flat rates are identical. Mr. Gagnon reviewed the proposed 5-year water usage rate adjustments excluding pass-through water supply rates, drought surcharges, elevation surcharges, and highlighted the reduction from eight to four tiers. Mr. Gagnon reviewed the proposed 5-year elevation surcharges by existing pumping zones and the estimated pass-through water supply rates. Mr. Gagnon reviewed scenarios which demonstrated the overall impact to the single family residential utility bill at six different water demand levels, both with and without the implementation of the TRSC.

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Recycled Water Rates

Mr. Gagnon reviewed the proposed 5-year recycled water usage rate adjustments. Discussion occurred concerning the differences between the maintenance costs associated with the recycled water system as opposed to the potable water distribution system. Mr. Gagnon reviewed the overall impact to recycled/reclaimed water users on an annual basis.

Wastewater Rates

Mr. Gagnon reviewed the proposed 5-year wastewater rate adjustments by customer class. Discussion occurred concerning oral history of the District's wastewater rates, and commented that the District has not adjusted the wastewater rates since the early 1990s. Mr. Gagnon reviewed the single family wastewater utility bill impacts for the 5-year period with the Board, and mentioned that the increases are directly related to the District's costs for the pumping and treatment of the wastewater collected in the sanitary sewer system.

Mr. Gagnon reviewed the customer impact analysis for water which represents an average of \$5 to \$10 per month; wastewater charges of approximately \$4.67 per month for users connected to the sanitary sewer system; recycled water charges of an average of 2% to 5% annual increase; and meter flat rates which represent an average of \$3.00 to \$5.45 per month for the average residential customer on a monthly basis specific to certain customer class. Mr. Gagnon provided a total utility bill comparison to four other unnamed neighboring agencies to demonstrate the impact that the proposed rate adjustments will have on the average customer on a monthly basis.

Public Hearing

President Dopudja opened the Public Hearing at 8:12 PM. There were written and verbal comments/objections received.

Mr. Ray Chandos (District customer) addressed the Board of Directors and verbally protested the proposed rate adjustments. Mr. Chandos commented that it was his belief that the meter flat rates were disguised assessments with no direct connection to cost of services, and as such, were a violation of Proposition 218. Mr. Chandos mentioned that a group of customers defended the District to the Local Agency Formation Commission in 1986 as a means to retain a local cost-effective water agency with a local Board of Directors, but expressed concern that this rate adjustment is unfair to low water users.

Mr. Mark King (District customer) addressed the Board of Directors, and verbally protested the proposed rate adjustments. Mr. King explained that he had some questions concerning the District's rates and charges:

1. Concerning the utilization of Revenue Offset, why are costs covered in future revenue needs?
2. What is the justification for peaking demands?
3. Why are meter flat rates based on meter size instead of water usage?
4. Why are the rate adjustments being considered at this time?

Mr. John Sefton (District customer) addressed the Board of Directors, and verbally protested the proposed rate adjustments. Mr. Sefton commented that for the last five years he has averaged 12.3 billing units for his two acre property with a pool, and that he is annoyed by the fact that his meter is a one-inch meter instead of a smaller sized meter. Mr. Sefton expressed concern that the Temporary Revenue Stability Charge is overreaching, and would prefer to maintain the status quo while reviewing other methods for the District to reduce costs. Mr. Sefton compared the District's proposed rates with Irvine Ranch Water District's current base rates, and commented that TCWD is an expensive District.

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President Dopudja asked Mr. Perea, District Secretary, if the District was in receipt of any written protests to the proposed rate adjustments; Mr. Perea commented that the District had received three written protests from District customers to date. President Dopudja requested that the written protest letters be entered into the record and file as received.

President Dopudja closed the Public Hearing at 8:25 PM.

President Dopudja addressed the questions and concerns posed by the public to the Board, and mentioned that the cost of service analysis is specific to the District's service area challenges. President Dopudja added that the District has some of the highest elevations in the County, which has a significant impact on the energy costs to deliver water to the District's customers. President Dopudja mentioned that the District is always willing to listen to the needs of customers concerning water meter application and size, but that there are certain criteria for reducing the size of a customer's meter, specifically meeting the need for fire suppression/protection which outweigh personal preference. President Dopudja added that District staff and RFC critically evaluated the District's revenue requirements over the course of the next five years in the preparation of the proposed rate adjustments, and determined that there is a significant need to find a balance between the variable and fixed costs for the water service. Discussion occurred concerning reducing costs through the reduction of staff; President Dopudja commented that the District completed an Organizational Analysis three years prior to determine appropriate staffing levels, and that District staff is as lean as possible. Director Haselton provided historical background concerning staffing levels in the mid-1990s, when District staffing levels were close to double the current amount of employees.

Director Safranski commented that the District has used reserves money to absorb costs associated with the past rate adjustments, especially during the recent economic recession and during periods of severe drought. Director Safranski added that this can no longer be the case, and that the Board of Directors need to apply sound financial business sense and adjust the water, wastewater, and recycled water rates and meter flat charges for the District to continue to remain solvent. Director Safranski expressed his appreciation for the members of the public in attendance and the input on the matter.

Vice President Acosta addressed the concern regarding peak demand by explaining that there are higher costs associated with increased usage, which include energy costs for pumping water to higher elevations, as well as chemical costs associated with water treatment. Vice President Acosta commented that this Rate Analysis is the most comprehensive analysis in his twelve years of experience on the Board of Directors, and mentioned that the rate adjustments are necessary to continue to provide and deliver water to District customers.

Director Mandich commented on the significance of water meter sizes, and highlighted the District Water Reliability Emergency Storage Fee Reduction program. Mr. Ruiz added that the home developers are responsible for the meter size determination, but that the District is willing to fulfill customer requests to reduce the size of their meters, provided a customer submits the proper documentation from the Orange County Fire Authority (OCFA). Mr. Ruiz reviewed the criteria for a meter size reduction, which includes a written request to the District and collaboration with the OCFA to ensure fire suppression/protection of the customer's home is not compromised and that the homeowner's property insurer is advised of the changes.

Discussion occurred concerning the impacts of the statewide drought and the extension of the State Water Board mandated emergency regulations through October 31, 2016. President Dopudja cited the multiple opportunities that the District took advantage of to address concerns about the State Water Board's methodology in determining the mandatory emergency regulations and the agency-specific conservation

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standards. President Dopudja added that the State Water Board rushed to implement emergency drought regulations without fully considering the impacts to the water agencies statewide.

Mr. Bob Hoffman (District customer) addressed the Board, and asked how is the District involved with new developments in the City of Rancho Santa Margarita. Mr. Ruiz commented that the District does not approve new developments, but instead it is the County or the City that approves developments. Mr. Ruiz added that once developments are approved, that the District is required to provide water, wastewater, and in some instances, recycled water services. Mr. Hoffman asked Mr. Ruiz to explain the Water Reliability Emergency Storage Fee (WRESF) that is charged on his monthly utility bill. Mr. Ruiz explained that the WRESF is a monthly fixed charge that is based on the size of the customer's water meter that funds three specific water reliability projects, including the District's Trabuco Creek Groundwater Treatment Facility, the Baker Water Treatment Facility, and the future construction of a Two Million Gallon Water Reservoir.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to Adopt Resolution No. 2015-1221 – Resolution of the Trabuco Canyon Water District Board of Directors Determining Compliance with Procedural Requirements, Making Findings and Determinations, Revising Rates for Water Services, Wastewater (Sewer) Services, Recycled Water Services and Meter Flat Rates, Adopting and Implementing a Temporary Revenue Stabilization Charge, Amending the Corresponding Rate and Charge Schedules of the Trabuco Canyon Water District and Taking Related Actions.

The motion carried 5 – 0.

ITEM 6: ELECTION OF BOARD OFFICERS

The General Manager, Mr. Hector Ruiz, commented that pursuant to the District's General Policy and Rules and Regulations, the annual election for the offices of President and Vice President of the Board of Directors were to be held.

OFFICE OF PRESIDENT

Mr. Ruiz opened the nominations for the Office of Board President (President). Director Acosta nominated Director Dopudja for the Office of President, and mentioned that Director Dopudja has been an outstanding Board President. Director Safranski seconded the nomination of Director Dopudja for the Office of President. There were no other nominations for the Office of President.

Action: Mr. Ruiz called for votes in favor of Director Dopudja for the Office of President. Votes were cast orally, and Director Dopudja was voted for the Office of President with a 5 – 0 vote.

OFFICE OF VICE PRESIDENT

Mr. Ruiz opened the nominations for the Office of Vice President. Director Dopudja nominated Director Acosta for the Office of Vice President. Director Safranski seconded the nomination of Director Acosta for the Office of Vice President. There were no other nominations for the Office of Vice President.

Action: A nomination was made by Director Dopudja nominating Director Acosta for the Office of Vice President. There were no further nominations, and Mr. Ruiz closed the nominations. Votes were cast orally, and Director Acosta was voted for the Office of Vice President with a 5 – 0 vote.

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**ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING 2016 BOARD MEMBER COMMITTEE
APPOINTMENTS & AGENCY REPRESENTATIVE ASSIGNMENTS**

Mr. Ruiz presented this matter to the Board for consideration, and mentioned that the enclosed staff report shows the current Committee assignments, and that the District's Rules and Regulations require the approval of Committee Member and Agency Representative appointments at this time. Discussion occurred among the Board concerning assignments for Calendar Year 2016, and during the discussion, President Dopudja made the following Committee assignments:

DISTRICT STANDING COMMITTEES	CHAIR	MEMBER	ALTERNATE
Engineering/Operational Committee	Mandich	Dopudja	Acosta
Executive Committee	Acosta	Dopudja	None
Finance/Audit Committee	Haselton	Safranski	Acosta
MEMBER AGENCY REPRESENTATIVE ASSIGNMENTS	TITLE	PRIMARY	SECONDARY
Association of California Water Agencies	Director	Safranski	None
Baker Water Treatment Plant Project Committee	Member	Ruiz	Dopudja
California Special Districts Association	Delegate	Acosta	None
Independent Special Districts of Orange County	Member	Haselton	Mandich
Santiago Aqueduct Commission	Commissioner	Acosta	Mandich
MEMBER AGENCY REPRESENTATIVE ASSIGNMENTS, cont.	TITLE	PRIMARY	SECONDARY
South Orange County Wastewater Authority Board	Director	Dopudja	Mandich
South Orange County Wastewater Authority Engineering Committee (Staff)	Staff Member	Ruiz	None
South Orange County Water Agencies	Liaison	Safranski	None
South Orange County Watershed Management Area Executive Committee	Member	Mandich	None
ORGANIZATION REPRESENTATIVE ASSIGNMENTS	TITLE	PRIMARY	SECONDARY
American Water Works Association	Liaison	Ruiz	None
City of Santa Margarita City Council Meeting No. 1	Liaison	Mandich	None
City of Santa Margarita City Council Meeting No. 2	Liaison	Acosta	None
Local Agency Formation Commission	Liaison	Ruiz	None
Municipal Water District of Orange County Board Meeting	Liaison	Dopudja	None
Water Advisory Committee of Orange County	Member	Acosta	None

Action: President Dopudja assigned the Committee Members and Agency Representatives.

ENGINEERING MATTERS

ITEM 8: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and presented a CalOES Time Extension Request approval letter dated November 17, 2015, which extends the project anticipated completion date to April 3, 2017 due to delays encountered acquiring a consent to encroach from Southern California Edison. Discussion occurred concerning challenges associated with Federal Emergency Management Agency (FEMA) project cost reimbursement and the possible schedule impacts due to the anticipated El Nino storms through the winter season. Mr. Ruiz mentioned that he met with the Chief of Staff for U.S. Representative Mimi Walters and is also

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planning to meet with Assemblyman Bill Brough and Senator Pat Bates to provide a District overview and to brief them on the project. Mr. Ruiz added that District staff will be meeting with Water Emergency Response of Orange County (WEROC) to review the current condition of the existing pipeline and project overview and schedule in the coming weeks.

Action: The Board received the information concerning the matter. No action taken.

ITEM 9: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and presented the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant Construction Report for December 2015 for Board review. Mr. Ruiz reviewed the project schedule, and mentioned that the Project Committee (PC) met on November 18th, and the next meeting is scheduled for January 14, 2016. Mr. Ruiz reviewed the project cumulative expenditures and the impact of project delays on the schedule.

Action: The Board received the information concerning the matter. No action taken.

ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that District staff have received proposals for construction inspection services of water, wastewater, and recycled water utilities. Mr. Ruiz reviewed the summary of proposals with the Board, and mentioned that District staff have selected DMc Engineering, Inc. for construction inspection services for a not to exceed amount of \$30,000, and requested that the Board ratify and authorize the General Manager to execute the contract for construction inspection services.

Action: A motion was made by Vice President Acosta and seconded by Director Haselton to ratify and authorize the General Manager to execute the Contract for Inspection Services with DMc Engineering, Inc., for a not to exceed amount of \$30,000.
The motion carried 4 – 0 – 1, with Director Safranski abstaining.

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 11: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS, STATE WATER RESOURCES CONTROL BOARD (SWRCB) DROUGHT REGULATIONS, AND TCWD WATER CONSERVATION MEASURES/ACTIONS

Mr. Ruiz provided a status update on the matter, and reviewed the District's monitoring report for the month of November 2015. Mr. Ruiz mentioned that the District did not meet its mandated Conservation Standard of 28% for the month of November 2015 in comparison to November 2013, but instead only conserved a total of 16%. Mr. Ruiz added that most agencies statewide were not able to meet the mandate as well due to the same month in 2013 being considerably cooler and wetter in comparison. Discussion occurred concerning the State Water Board's emergency drought regulations and mandated Conservation Standard methodology. Mr. Ruiz mentioned that SWRCB Chair Felicia Marcus is scheduled to speak at the City of Rancho Santa Margarita Bell Tower on January 22, 2016, and that any Directors interested in attending the event should coordinate with Mr. Perea. Mr. Ruiz commented that District staff has new recycled water projects which are designed to assist the District in meeting the SWRCB Conservation Standard, which includes the extension of the recycled water pipeline on Plano Trabuco Road to TY Nursery, as well as the installation of a recycled water hydrant connection for street cleaning and construction water purposes.

Action: The Board received the information concerning the matter. No action taken.

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ITEM 12: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had no local governmental and/or legislative informational matter(s) to report.

Action: No action taken.

OTHER MATTERS

None

CLOSED SESSION

The Board of Directors, through President Dopudja, recessed the Open Session portion of the Meeting at 9:25 PM. The Board met in Closed Session as set forth in the Meeting Agenda.

The Board, through President Dopudja, reconvened the Open Session of the Meeting at 9:35 PM.

ITEM 13: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

Action: The Board received information concerning the matter. There was no other announcement at that time.

ADDITIONAL DIRECTORS' COMMENTS

Vice President Acosta wished his fellow Board Member and District staff a Merry Christmas and Happy New Year.

Director Haselton echoed Vice President Acosta's comments, and commended President Dopudja for his leadership.

Director Safranski wished everyone in attendance Happy Holidays, and thanked District staff, Legal Counsel, and Raftelis Financial Consultants for their hard work on the Rate Analysis and subsequent adoption.

Director Mandich commended District staff for their efforts, and wished a Happy Holiday to everyone in attendance.

President Dopudja wished his fellow Board Member and District staff a Merry Christmas and Happy New Year, and thanked Mr. Tomoya Shimura, Orange County Register reporter, for attending the meeting.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz commented that Mr. Bob Beck, District Maintenance Superintendent, will be retiring at the end of the month after twenty-five years of service. Mr. Ruiz added that District staff will hold a lunch in his honor on Wednesday, December 23, 2015, and the Board of Directors are welcome to attend the event.

President Dopudja extended his congratulations to Mr. Beck and thanked him for his years of service.

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the December 16, 2015, Regular Board meeting at 9:40 PM.